



## **STAKEHOLDER GROUP MEETING – SYNOPSIS**

MEETING DATE: **4/28/2008**

**ATTENDEES:** COUNCILMEMBER PETE CONSTANT, CHAIR

**MEMBERS:** LORIE BIRD, ELIZABETH BRIERLY, BOB BROWNSTEIN, CARL COOKSON, PAT DANDO, PATRICIA GARDNER, ERNIE GIACHETTI, HOOSHANG HOMARA, JOSHUA HOWARD, CHARLES JONES, MICHELLE LEW, BOBBY LOPEZ, STEVE MOORE, DAVE PERSELIN, ED RAST, JEFF RUSTER, JAN SCHNEIDER, RANDY SEKANY, BUU THAI, KEN WILLEY, SUZANNE WOLF

**ABSENT:** YOLANDA CRUZ

**STAFF:** DEBRA FIGONE, CITY MANAGER, HARRY MAVROGENES, EXECUTIVE DIRECTOR REVEVELOPMENT AGENCY, JANE LIGHT, CITY MANAGER'S LIAISON, SHAWN SPANO, FACILITATOR.

### **Welcome/Introductions/Process Overview**

- Councilmember Constant called the meeting to order at 6:09 p.m. by welcoming everyone and asking Stakeholder Group members to introduce themselves.
- Shawn Spano will continue to facilitate the discussion. Each strategy now has time allotments assigned to ensure the group gets through the agenda.

### **Meeting Agenda Review/Future Meetings/Process**

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) (Slides 2-4). April 28 Presentation: Shawn Spano.

- Urgent Strategies #4, #5, #7, #9 will be discussed tonight.
- Urgent Strategies #6, #8, #10 will be discussed on May 5.
- Focus on advantages and concerns of strategies. Questions and clarifications are welcomed.

**Urgent Strategy 4** “Ensure Current Fees Fully Cover All Costs”

Presenter: Larry Lisenbee, Budget Director Emeritus

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>). (Slides 5-15)

Management Partners Report Revenue Strategy #3 pp 66-68. Presentation and discussion continued from April 21 meeting.

<b>STRATEGY</b>		4: Ensure current fees fully cover all costs		
	<b>ADVANTAGES</b>			<b>CONCERNS</b>
1.	Fees give City capacity to accomplish a number of things		1.	Fee differences with surrounding cities/competitiveness
2.	Provide the opportunity to raise revenue for specific programs/items that require an extraordinary level of service than is being demanded elsewhere		2.	Discussing fees in isolation of understanding what it costs to provide service or what it costs to live in San Jose compared to other jurisdictions
3.	Fees to provide services that the City has no regulatory obligation to provide (e.g. golf courses)		3.	What is benchmark for when fees were set? In which cases have the fees not been increased in a long time?
4.	Mechanism that provides flexibility and discretion to make minor regulatory changes without going to the voters		4.	Competitiveness study should be done before making recommendation on fee increases
5.	Fees offer opportunity to share the benefit of monopoly businesses –Sole source service providers that are making money (e.g., ambulance provider)		5.	Is the City tracking/charging all the fees on the books? Examples – repeated false alarms; party response fee (Police Dept.)
6.	Increased fees could result in higher level of service		6.	Market distortions could discourage business
			7.	Do not subsidize fees in a way that encourages poor decision-making by businesses

**Stakeholder Question:** Can we get a list of all fees that have not been increased in five years?

**Stakeholder Question:** Are there other things like fee/loan forgiveness or other incentives to invest money, generate jobs, and/or bring revenue? Want to see list of out of the box thinking for forgiveness.

**Stakeholder Question:** What can we do to help retail/car dealerships be successful?

**Stakeholder Question:** Which fees that are on the books are not actually collected?

**Urgent Strategy 5** “Implement City-Wide Landscape and Lighting District or Other Proposition 218 Property-Related Fees”.

Presenter: Jim Helmer, Department of Transportation Director

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) April 28 (Slides 16-22).

Management Partners Report Revenue Strategy #6 pp 74-76.

STRATEGY		Implement City-Wide Landscape And Lighting District Or Other Proposition 218 “Property-Related” Fees		
	ADVANTAGES			CONCERNS
1.	Some neighborhoods would welcome opportunities to get increased quality in neighborhood and business services – a trial or model program to test results and interest in participating		1.	How/who determines what is needed in landscaping, sidewalks, etc.
2.	Might be an opportunity for a new model – do a pilot.		2.	Are all parcels (residential and commercial) assessed?
3.	Improve the ambiance/quality of the entire City.		3.	Why not include parks?
4.	Shared risk of fixing sidewalks – opportunity to buy into “sidewalk repair insurance”. Make it voluntary- those who don’t pay have to pay out of their own pocket for the repair.		4.	How would this work in redevelopment neighborhoods? How is it decided where you plant trees, put the lighting?
5.	Address specific needs of neighborhoods- encourage neighborhood meetings to help set priorities, decision making.		5.	Need to be able to address specific needs of a neighborhood – different in different neighborhoods in the city.
6.	PBID sharing advantages already.		6.	Will be perceived as a tax because it is on the property tax bill.
7.	Quicker turn-around time for improvements.		7.	How would this impact the schools and would the schools be participating in the costs?
8.	Elicit more pride in neighborhoods.		8.	Define how big a neighborhood is.
			9.	Can this be implemented as a neighborhood pilot? Citywide assessment might fail. Show results at a neighborhood level first.

		10.	Could the city just enforce property owner responsibility for sidewalk and street tree maintenance/repairs?
--	--	-----	---

**Stakeholder Question:** Will the Lighting and Landscape Assessment be tax deductible? (Since you pay with it with your property tax bill).

**Stakeholder Question:** How many “trip and fall” incidents and/or claims in the City?

**Urgent Strategy 7** “Shift Revenues from Construction and Conveyance Taxes from Capital Projects to Operations and/or Raise Conveyance Tax”

Presentation: Ed Shikada, Deputy City Manager.

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) April 28 (Slides 31-37).

Management Partners Report Expenditure Controls and Shift Strategy #3 pp. 104-108

- The wording of this Urgent Strategy has been changed from the language in the Management Partners report to reflect that Construction & Conveyance are two different taxes.
- The graph on Slide 25 is also different from the graph on page 105 of the Management Partners report.

STRATEGY		7: Shift Revenues from Construction and Conveyance Taxes from Capital Projects to Operations and/or Raise Conveyance Tax		
	ADVANTAGES			CONCERNS
1.	Options A & B give the City more flexibility on whether to spend on maintenance or capital.		1.	Concern over competitiveness with surrounding cities.
2.	Option B - Voters would agree with shifting to maintenance v. increasing.		2.	Extra fees would affect property buyers.
3.	Options A & B allow more flexibility for park maintenance.		3.	Option B – Does it make sense to go to voters if we are not getting new revenues?
4.	Option B – easiest to explain to the community. Might agree to a one time increase at time of sale.		4.	Might affect sales and construction.
5.	If going for vote – need to ask for a raise in the Conveyance tax.		5.	Start to change fees structure, really don't know impact.
6.	Doesn't hit the property owner every year, only when you sell – not as		6.	Over last 20 years, have had built in increases because of increasing

	onerous.			property values.
7.	Option A – brings new revenue.		6.	Problem justifying Options B & C.
8.	Tax deductible?		7.	Option C – Council would not allow it to go on the ballot.
9.	If increase is a general tax, only requires a majority vote.		8.	Parks allocation only – really need maintenance for what we built.
10.	Could categorize structure of fee by : -level of appreciation/depreciation -length of ownership		9.	Are revenue estimates for current and future years too high? (given market outlook)
			10.	Increase in property value brings revenue in C&C revenue anyway.
			11.	No net increase to revenue unless we raise the fee.

**Stakeholder Question:** Can we incorporate transportation maintenance needs into the services covered by the Construction & Conveyance Tax?

**Public Speakers:**

Parks and Recreation Commissioner spoke in support of Option A, and submitted a letter to the Chair stating their support. The Commission believes that Option A supports multiple departments, does not affect all people at all times (only at time of sale) and is tax deductible.

Library Commissioner spoke in support of keeping Library portion of the C&C separate. This money supports library materials.

**Urgent Strategy 9** “Increase Sales Tax to Provide Increased General Fund Revenues”  
Presentation: Scott Johnson, Finance Director  
(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) (Slides 38-44). Management Partners Report Revenue Strategy #7pp 76-78.

STRATEGY		9: Increase Sales Tax to Provide Increased General Fund Revenues		
	ADVANTAGES			CONCERNS
1.	This is a general tax, so it requires only a majority vote (50% +1)		1.	Possible loss of sales due to increased tax.
2.	Strategy ensures that the percentage		2.	Development costs combined with

	of the sales tax raised locally stays local.			higher sales tax will impact small business.
3.	Tax is based on purchases bought or used in San Jose.		3.	Sales tax is regressive. It will hit those with limited income.
			4.	Will drive sales to Cities surrounding San Jose.
			5.	Need to balance tax increases with other strategies.
			6.	Don't load up the ballot with too many revenue measures.
			7.	Increased gas costs generate more sales tax from that source.
			8.	State may look to this source as well – everyone going after same pot of money.
			9.	Competition with the internet.
			10.	New revenues do not account for potential loss of sales.
			11.	Recent County/VTA sales tax was defeated.
			12.	Should look at streamlining permits, development process rather than raising sales tax.
			13.	County and VTA looking at an additional sales tax (may have to work with them on a strategy).
			14.	Need to bring in more sales volume – problem attracting businesses.
			15.	Many people who live in San Jose are working in other places, will buy where they work rather than where they live.
			16.	Taxpayers feel very strongly – no new taxes.
			17.	City has turned away big box.

**Correction to Slide 35 “Potential Fiscal Impact”:** A ¼ percent “San Jose District Sales Tax” will increase revenue by \$21 Million dollars. The information presented at the Stakeholder Meeting stated that \$14.5 Million dollars of revenue would be generated by the tax increase.

**Stakeholder Question:** Eliminating binding interest arbitration also requires voter approval (since it is a Charter Amendment), why is this strategy not on the urgent list?

**Stakeholder Suggestion:** Check revenue calculations- is it a 1/8 or 1/4 percentage increase?

**Stakeholder Question:** Is there data on the drop in sales tax revenues connected to the sales tax experienced by other cities?

**Stakeholder Question:** Can we have a break down of the sales tax by source. For example, sales tax from cars, retail, etc. Councilmember Constant stated the City has that information, and has it by Council District as well.

**Stakeholder Question:** Why are most of the urgent strategies taxes? Councilmember Constant and Bob Brownstein explained that decisions must be made by the Council soon about any November 2008 ballot measures. The next opportunity for ballot measures will not be until 2010.

**Closing:** Next meeting will take place on May 5 at City Hall, Wing Rooms 118-120. The discussion of Urgent Strategies will be continued. Members were thanked for their time and service.

Advantages/concerns/questions can be emailed to [pete.constant@sanjoseca.gov](mailto:pete.constant@sanjoseca.gov), please type “Stakeholder Group” in the subject line. Councilmember Constant will forward questions to the administration.

Meeting was adjourned at 8:50 p.m.